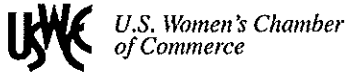


**Testimony on
S.B. 387
Increasing the Fair Minimum Wage
before the
Labor and Public Employees Committee of the
Connecticut General Assembly**

**Margot Dorfman
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U.S. Women's Chamber of Commerce
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**Legislative Office Building
300 Capitol Avenue
Hartford, Connecticut**



Thank you Senator Osten, Representative Tercyak, Senator Markley, Representative Smith, and the rest of the Labor and Public Employees Committee for the opportunity to submit this testimony. My name is Margot Dorfman. I am the CEO of the U.S. Women's Chamber of Commerce. I represent American women business owners, in Connecticut and nationally, who support raising the minimum wage.

Introduction

The U.S. Women's Chamber of Commerce was founded to support the continued economic advancement of women in America. The Women's Chamber has over 500,000 members – young and old, students and retirees, employees and business owners. We have members in every state, including more than one thousand member business owners in Connecticut. As is typical of women's businesses across the U.S., our businesses tend to be small, fewer than 25 employees, with a concentration in service, retail and restaurant industries.

While some may say minimum wage will hurt employers, particularly small businesses, my members tell me that just is not true. The migration of women from the workforce into business ownership has been one of the great economic achievements of the American dream. As women moved from employees to business owners, we have brought a new perspective to America's business leadership. Women now own over thirty percent of all firms in the United States and are exercising the decision-making authority that comes with that role to effect positive changes in the workplace. Our members tell us that – even as business owners – they understand and respect the ongoing struggle against wage discrimination that women continue to face, and they recognize the need to support workers as they seek fair treatment in the workplace.

As a matter of fact, businesses that pay unfairly, may actually be competing unfairly with women-owned firms who recognize the right to fair pay and work hard to assure that their employees are paid fairly.

The business owners with whom I talk every day believe that, far from hurting their businesses, raising the minimum wage in fact helps small businesses, women workers and the broader



*U.S. Women's Chamber
of Commerce*

economy. Raising the minimum wage reinforces their business strategies, rather than undermining them.

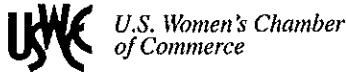
It is vitally important to understand that the problem I do hear from my members for the last several years is that the recovery is slow because sales are still weak. Too many of their customers have been out of work, or are working now for lower pay, and as a result are cutting back on their spending. Raising the minimum wage helps with that, by putting more money in the pockets of customers, who will spend it at our local businesses.

Also, while my members are business owners, they're also women. They realize that most of the people working for low pay in Connecticut and across the country – the waitresses, the home health aides, and the cashiers – are women. Many of my members were once employees themselves; they know that raising the minimum wage helps working women and families in their struggle to get by on paychecks that are worth less and less every year. That's why the U.S. Women's Chamber of Commerce supports raising Connecticut's minimum wage to \$9.75 by 2014 and then indexing it for inflation so that it doesn't erode again.

1. Small Businesses Are Showing That Paying Higher Wages Is Economically Realistic

There are two roads to profitability: the high road and the low road. Businesses can invest in their workforces with decent wages and benefits, and enjoy the benefits of a dedicated workforce with less turnover and higher productivity. Or businesses can pay poverty wages and churn through employees. These businesses enjoy substantial payroll savings, and they just treat as a cost of doing business the significant expense of higher turnover, constant recruitment and retraining, higher absenteeism, and a less experienced workforce.

While both roads to profitability are viable business strategies, only one delivers us a strong middle class, upward mobility and the promise of the American dream. The business owners supported by the U.S. Women's Chamber of Commerce have chosen the high road strategy for building their businesses: they pay better wages and their businesses benefit as a result. They



report to me that this approach attracts more stable, dependable employees. That's not surprising since better wages makes it easier for their workers to put gas in their cars, pay for day care and have the sorts of stable lives that make them dependable employees.

At small, mom and pop businesses, business owners and employees work side by side on a daily basis, working together to offer the best goods and services to their customers. The businesses that are my members know that they cannot compete with the big box stores or the chain restaurants on price. Instead, their competitive advantage is higher quality service, and a connection to the community and its residents.

In our experience, workers who get paid poverty wages work overwhelmingly for the big chains, not for main street businesses. Connecticut Voices for Children detailed this in their report last year showing that in Connecticut's retail industry, median wages are, in fact, lower for large retailers than for small businesses.

The reality is that my members and other main street businesses have a lot in common with low-wage workers: both are being squeezed by the national chains. The low wages that the big retailers and restaurant chains pay are one of many factors that contribute to their price advantage over small and local businesses. Raising the minimum wage to a more realistic level helps level the playing field for businesses like my members that believe in treating their workers well, but are put at a competitive disadvantage as a result.

2. Weak Consumer Spending Is Hurting Small Businesses, and Raising the Minimum Wage Can Give It a Boost

There are a few top problems that I hear a lot about constantly from my members about the challenge of keeping a business afloat in this economic environment. One of them, of course, is rising health insurance costs. But for the last three or more years, one of the biggest problems my members have been reporting is that their customers just aren't spending. They aren't eating out, remodeling their kitchens, or enrolling their kids in gymnastics like they used to before the recession. Families just don't have the money.